



CENTRAL INTELLIGENCE AGENCY  
WASHINGTON 25, D. C.

OFFICE OF THE DIRECTOR

APR 13 1956

Honorable Richard M. Nixon  
President of the Senate  
Washington 25, D. C.

Dear Mr. Vice President:

There is forwarded herewith a draft of legislation "To amend the Central Intelligence Agency Act of 1949, as amended, and for other purposes," together with a sectional analysis of that legislation.

The Bureau of the Budget has advised that it has no objection to the submission of this proposed legislation to the Congress, and the Central Intelligence Agency recommends its enactment.

The purposes of this legislation are to provide for a limited amount of additional flexibility in the procurement operations of this Agency, to provide certain benefits to CIA employees serving abroad and their families, and to make certain technical changes in the existing law.

Section 1 of the proposed legislation contains three amendments to the Central Intelligence Agency Act of 1949, relating to procurement authorities. The first of these is designed to provide this Agency with authority identical to that of the Armed Services as to the circumstances under which purchases and contracts may be made without advertising. Although the volume of CIA purchases and contracts is negligible compared to that of the Armed Services, we are confronted in general with all of the typical situations with which the Services are faced in this field. A second proposed amendment provides that Agency contracts in the research and development field may extend over an initial term of not to exceed five years, with a possible extension of an additional five year maximum period if funds are available therefor. I have described to Committees of the Congress with jurisdiction over CIA matters certain types of special projects of a unique and important nature which this Agency undertakes from time to time in the research and development field. In order to provide necessary lead time in these projects, we feel we need the authority to

War Crimes Task Force review completed

OGC Has Reviewed

Section 3 of the proposed legislation increases from fifteen to thirty-five the maximum number of retired military officers which may be employed by this Agency at any one time. This proposal is consistent with a recommendation by the Clark Task Force of the Hoover Commission, and is considered desirable. Although the Agency has been able to adhere to the previous limit of fifteen retired officers without a serious loss of efficiency, we feel that there have been cases where more qualified individuals for certain posts could have been obtained from the ranks of retired military officers had the authority been available.

Section 4 of the proposed legislation is designed to permit advance payments for such items as rent, where such payments are in accordance with the laws or customs of certain foreign countries, and the inability to provide them works a hardship on the individuals concerned. This proposed exemption from the operation of Section 3648 of the Revised Statutes (31 U.S.C. 529) will place CIA overseas personnel on a similar footing with personnel of the Armed Forces and of the Foreign Service.

Section 5 of the proposed legislation is purely technical, and is intended to correct a typographical error in the original Central Intelligence Agency Act of 1949.

The net incremental cost to the Agency resulting from this proposed legislation is estimated to be in the neighborhood of \$80,000 annually. It is contemplated that these costs can be readily absorbed within our normal operating budget.

It is respectfully urged that the Congress act favorably on this proposed legislation during the present Session.

Sincerely,

SIGNED

Director

Enclosures



CENTRAL INTELLIGENCE AGENCY  
WASHINGTON 25, D. C.

TOPP

OFFICE OF THE DIRECTOR

APR 13 1956

Honorable Sam Rayburn  
Speaker of the House  
of Representatives  
Washington 25, D. C.

Dear Mr. Speaker:

There is forwarded herewith a draft of legislation "To amend the Central Intelligence Agency Act of 1949, as amended, and for other purposes," together with a sectional analysis of that legislation.

The Bureau of the Budget has advised that it has no objection to the submission of this proposed legislation to the Congress, and the Central Intelligence Agency recommends its enactment.

The purposes of this legislation are to provide for a limited amount of additional flexibility in the procurement operations of this Agency, to provide certain benefits to CIA employees serving abroad and their families, and to make certain technical changes in the existing law.

Section 1 of the proposed legislation contains three amendments to the Central Intelligence Agency Act of 1949, relating to procurement authorities. The first of these is designed to provide this Agency with authority identical to that of the Armed Services as to the circumstances under which purchases and contracts may be made without advertising. Although the volume of CIA purchases and contracts is negligible compared to that of the Armed Services, we are confronted in general with all of the typical situations with which the Services are faced in this field. A second proposed amendment provides that Agency contracts in the research and development field may extend over an initial term of not to exceed five years, with a possible extension of an additional five year maximum period if funds are available therefor. I have described to Committees of the Congress with jurisdiction over CIA matters certain types of special projects of a unique and important nature which the Agency undertakes from time to time in the research and development field. In order to provide necessary lead time in these projects, we feel we need the authority to contract over a period of years, in a manner substantially

Section 3 of the proposed legislation increases from fifteen to thirty-five the maximum number of retired military officers which may be employed by this Agency at any one time. This proposal is consistent with a recommendation by the Clark Task Force of the Hoover Commission, and is considered desirable. Although the Agency has been able to adhere to the previous limit of fifteen retired officers without a serious loss of efficiency, we feel that there have been cases where more qualified individuals for certain posts could have been obtained from the ranks of retired military officers had the authority been available.

Section 4 of the proposed legislation is designed to permit advance payments for such items as rent, where such payments are in accordance with the laws or customs of certain foreign countries, and the inability to provide them works a hardship on the individuals concerned. This proposed exemption from the operation of Section 3648 of the Revised Statutes (31 U.S.C. 529) will place CIA overseas personnel on a similar footing with personnel of the Armed Forces and of the Foreign Service.

Section 5 of the proposed legislation is purely technical, and is intended to correct a typographical error in the original Central Intelligence Agency Act of 1949.

The net incremental cost to the Agency resulting from this proposed legislation is estimated to be in the neighborhood of \$80,000 annually. It is contemplated that these costs can be readily absorbed within our normal operating budget.

It is respectfully urged that the Congress act favorably on this proposed legislation during the present Session.

Sincerely,

**SIGNED**

Allen W. Dulles  
Director

Enclosures

LEGISLATIVE HISTORY  
A BILL

To amend the Central Intelligence Agency Act of 1949, as amended, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. Section 3 of the Act entitled the Central Intelligence Agency Act of 1949, approved June 20, 1949, as amended (63 Stat. 208, 50 U.S.C. 403a) (hereinafter referred to as "such Act"), is amended to read as follows:

(a) In the performance of its functions, the Central Intelligence Agency is authorized to exercise the authorities contained in sections 2(c), 5, 6, 7, and 10 of the Armed Services Procurement Act of 1947, approved Feb. 19, 1948, as amended (62 Stat. 21, 41 U.S.C. 151).

(b) Contracts of the Agency for services and use of facilities for research or development may be for a term not to exceed five years, and may be extended for an additional period not to exceed five years, subject to the availability of appropriations therefor.

(c) For purposes of this section, the term "agency head" shall mean the Director and Deputy Director of Central Intelligence and the Deputy Directors of the Agency.

(2) for rent in foreign countries for such period as may be necessary to accord with local custom.

SECTION 5. Section 10(a)(1) of such Act is amended by inserting "Chapter 171 of" immediately before "28 U.S.C."

## LEGISLATIVE COUNCIL

### SECTIONAL ANALYSIS OF A PROPOSED BILL TO AMEND THE CENTRAL INTELLIGENCE AGENCY ACT OF 1949, AS AMENDED, AND FOR OTHER PURPOSES

#### SECTION 1.

Under Section 3(a) of the Central Intelligence Agency Act of 1949 the Agency is authorized to exercise certain procurement authorities contained in the Armed Services Procurement Act of 1947. The specific sections of the Armed Services Procurement Act, the authorities of which CIA was authorized to exercise, were incorporated by reference in Section 3(a) of the CIA Act of 1949. Since passage of the CIA Act, additional functions have been assigned to the Agency. This, and added experience, indicate the need to exercise other authorities contained in the Armed Services Procurement Act of 1947.

Under Section 2(c) of the Procurement Act, the Armed Services may negotiate purchases and contracts without advertising in seventeen listed circumstances. The Agency is authorized by Section 3(a) of the CIA Act to negotiate in ten of these circumstances. It is requested that the remaining negotiation authorities of Section 2(c) be given this Agency.

This increase in Agency negotiation authorities, to make them the same as those of the Armed Services, would be accomplished by modifying Section 3(a) of the CIA Act to authorize the Agency to exercise all the authorities contained in Section 2(c) of the Armed Services Procurement Act.

particularly of rent. Frequent exceptions have been made to this provision of law; e.g., for payments made for the Bureau of Customs in foreign countries (31 U.S.C. 529 b), for the enforcement of customs and narcotics laws (31 U.S.C. 529 f), for the Office of Scientific Research and Development (31 U.S.C. 529 h), and for advance payments of office rent in foreign countries by the Bureau of Foreign and Domestic Commerce. This statute is also specifically waived for the armed services, and the Department of State has acquired an exception in its current Appropriation Act (P.L. 133 of 7 July 1955).

SECTION 5.

This provision corrects a typographical error in Section 10(a)(1) of the Central Intelligence Agency Act of 1949. The authority which was intended to be granted by this clause was the authority to pay claims under the Federal Tort Claims Act (Chapter 171), but the chapter number was omitted from the final printed versions of the bill as passed.